


Annual Report 1967

CASTLE TIN MINES LIMITED



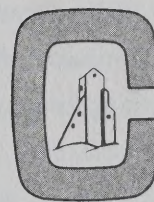
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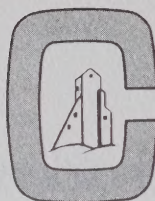
A Letter to Shareholders.....

CASTLE TIN MINES LIMITED



October 23rd, 1967.

CASTLE TIN MINES LIMITED



Suite 1015, 159 Bay Street,
Toronto 1, Ontario / Telephone 363-1108

To the shareholders:

In our last letter to shareholders, dated August 1, 1967, you were advised that your company had acquired a 50% interest in White Asbestos (Mining) Pty. Limited, a corporation which holds an important asbestos property in Australia, and that your directors were seeking official approval for the proposed financing of further exploration and development work on this promising project.

Today I am pleased to report that the Ontario Securities Commission has accepted for filing your company's prospectus dated October 16, 1967. Under this prospectus, the company offers Ontario resident shareholders of record at the close of business on November 6, 1967, rights to subscribe at the price of 40¢ per share for one additional share of the company for each five shares held. The rights will be evidenced by transferable subscription warrants and will expire 30 days after issue at 3:30 p.m. Toronto time, December 6, 1967.

Further details of the offering, supported by complete information on corporate and financial matters concerning your company, are contained in the prospectus which will be mailed to you shortly.

Proceeds of the subscription will provide your company with the funds necessary for the development of the Australian property.

The Department of Mines of New South Wales has subsidized 50% of the direct drilling cost incurred to date, and a preliminary subsidy of 50% for the first phase of the anticipated new drilling program has already been approved.

As reported to you earlier, 76 representative samples of the drill cores, from previous exploration work carried out on the White Asbestos mining property, were shipped to the pilot plant of the Quebec Department of Natural Resources, in Quebec City, for detailed mill tests.

Tests carried out on these 76 samples, totalling 2,405 feet of core length, have now been completed and detailed results of the tests evaluated so far, I am glad to report, are most encouraging. The samples came from 10 out of the 21 holes drilled and were selected to give representative coverage of the 2,500 foot long southern half of the White Asbestos property, a zone still open as to width, depth and length.

The first 39 samples tested, for which details are now available, came from six drill holes showing the following average asbestos fibre contents: Hole No. 17 - 8.44%; Hole No. 16 - 6.04%; Hole No. 21 - 6.08%; Hole No. 15 - 5.46%; Hole No. 11 - 7.30%; Hole No. 10 - 5.98%; and yielding material of Groups 4, 5, 6 and 7.

It should be noted that Hole No. 10, drilled to the vertical depth of 700 feet and still in ore, showed the average grade of 5.98% over a core length of 660 feet.

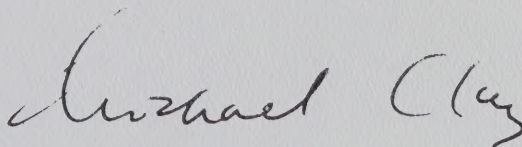
As to the balance of the samples tested, your directors will advise you as soon as the detailed evaluation of the fibre content is available.

To complete the testing program, arrangements have been made to ship all of the remaining drill cores to the Quebec pilot mill. It is significant that actual test results have shown higher fibre content than previously indicated by visual estimates.

Your directors' optimism as to the future of your company is greatly enhanced by these promising developments.

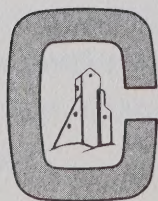
We shall keep you informed on further progress.

On behalf of the board,

A handwritten signature in cursive script, reading "Michael Clay". The signature is written in dark ink and is positioned above the printed name and title.

Michael Clay, C.A.,
Secretary-Treasurer.

Toronto, Ontario,
October 23, 1967.



*Suite 1015, 159 Bay Street,
Toronto 1, Ontario / Telephone 363-1108*

A Letter to Shareholders.....

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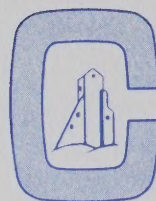


CASTLE TIN MINES LIMITED



August 1st, 1967.

CASTLE TIN MINES LIMITED



Suite 1015, 159 Bay Street,
Toronto 1, Ontario / Telephone 363-1108

To the shareholders:

Since my last letter to shareholders dated February, 1967, important developments have taken place in your company and your directors feel that you, as shareholders, should be informed of them.

Your company recently acquired 50% of the outstanding shares of White Asbestos (Mining) Pty, an Australian corporation holding a property on which an important asbestos fibre bearing zone has been indicated by surface work and preliminary diamond drilling.

The property is located 12 miles from the town of Barraba and 230 miles west of the major port of Newcastle in New South Wales, with which it is connected by first class roads and railway.

The remaining 50% of the issued capital stock of White Asbestos (Mining) Pty is owned by Woodsreef Asbestos Company Limited of Sydney, Australia, a wholly-owned subsidiary of Merit Oil Limited of Calgary, Alberta. Since 1964, 10,725 feet of diamond drilling has been completed in 21 drill holes, together with detailed geological mapping and trenching.

The asbestos content of the drill cores has been estimated visually to be of commercial value. This assessment was made by D. J. Straw, formerly chief geologist of Canadian Johns-Manville Company. A subsequent mill test of the core from one drill hole confirmed Mr. Straw's visual estimate of that section.

According to a recent (May 12, 1967) report, based on the findings of D. J. Straw and prepared by Ross D. Lawrence, B.A.Sc., P.Eng., of Watts, Griffis & McOuat Limited, consulting geologists and engineers, results of exploration and development work done so far on the White Asbestos property indicate a continuous zone containing asbestos fibre over a strike length of 5,000 ft., with an average width of 400 ft. Diamond drilling to date was concentrated on a 2,500 ft. southern portion of the property and outlined a main asbestos zone with an average width of 200 ft. Assuming continuity over these dimensions and to the depth tested by drilling, the zone is estimated to contain 11 to 15 million tons of asbestos-bearing rock. The potential tonnage of the complete fibre zone, according to the Ross D. Lawrence report, is 5 to 10 times that indicated by drilling to date.

Encouraged by these professional evaluations, your company and Merit Oil Limited have agreed to a joint participation in the further exploration of the White Asbestos Mining property. This agreement is subject to your approval and a meeting of shareholders for this purpose will be called shortly. Merit Oil will act as manager of the exploration program, which will be based on the recommendations of our consultants.

Preliminary to any further field work, representative samples of the drill cores available from previous exploration work have recently been shipped from Australia to the pilot plant of the Quebec Department of Natural Resources in Quebec City for detailed mill tests. The results of these authoritative tests will form the basis of an interim feasibility report to be prepared by Watts, Griffiths & McOuat Limited. A major drilling program will follow the report's recommendations. The cost of the work is estimated at approximately \$330,000.

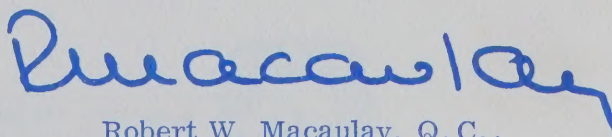
The Department of Mines of New South Wales has subsidized 50% of the direct drilling cost to date and a new subsidy of 50% has already been granted in respect of the first phase of the anticipated drilling. The total exploration program should be completed within one year.

In addition to its participation in the potential of the White Asbestos property, your company has agreed to purchase an undivided 50% interest in a mineral exploration license known as M.E.L. No. 30 granted to Woodsreef Asbestos Company Limited under the Mining Act of New South Wales, Australia. Following the recommendations contained in Mr. Lawrence's report of May 12, 1967, your company, together with Merit Oil, plans to carry out further field work, including detailed prospecting, with the view to staking claims covering areas of interest.

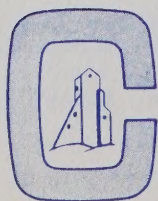
You will be interested to know that Australia currently imports approximately \$7 million worth of asbestos; it is, therefore, reasonable to assume that a market for locally mined asbestos is readily available.

Your directors are very optimistic as to the potential of the White Asbestos property and are currently seeking official approval for the proposed financing of this promising exploration project.

On behalf of the board,

A handwritten signature in blue ink, appearing to read "R. Macaulay", with a stylized flourish at the end.

Robert W. Macaulay, Q.C.,
President



*Suite 1015, 159 Bay Street,
Toronto 1, Ontario / Telephone 363-1108*



CASTLE TIN MINES LIMITED

Directors and Officers

R. W. MACAULAY, Q.C., *President and Director*

MICHAEL CLAY, C.A., *Secretary-Treasurer
and Director*

J. H. BLACK, *Director*

L. G. DAYUS, *Director*

R. J. PULFORD, *Director*

*Registrar and
Transfer Agent*

Canada Trust Company,
110 Yonge Street, Toronto, Ontario

Auditors

Riddell, Stead, Graham & Hutchison,
48 Yonge Street, Toronto

Bankers

Canadian Imperial Bank of Commerce,
375 Bay Street, Toronto

Head Office

Suite 2200, 120 Adelaide Street West,
Toronto, Ontario

CASTLE TIN MINES LIMITED

Dear Shareholder,

This second annual report, including financial statements for the year ending May 31, 1967, is being issued at a time when very substantial developments are taking place in your company.

As you know from earlier progress reports mailed to shareholders, your company obtained a 50% interest in a potentially important asbestos property in Australia, near Barraba, New South Wales. This asbestos property is owned by an Australian company called White Asbestos (Mining) Pty. Limited. The other 50% of White Asbestos is owned by a western Canadian company, Merit Oil Limited.

There are many reasons why the directors have decided to develop this property:

Substantial exploration has been carried out on this property over the past three years by White Asbestos (Mining) Pty. Limited. Work has amounted to approximately \$400,000, including a 50% government subsidy on the actual drilling cost.

Reports from our professional consultants indicate a very large asbestos ore potential of up to 90 million tons, which could be mined by an open pit operation.

While the property cannot as yet be classified as a proven orebody, the results of exploration are sufficiently encouraging to remove a great deal of risk.

From the information available to your directors, it would appear that the senior financing of this property should not be difficult to arrange in Australia or elsewhere.

Australia is a large importer of asbestos and is anxious to supply its own market which is some \$7 million a year. In this way, Australia would not only earn dollars for its own economy, but reduce the drain of dollars out of the country. In addition,

by creating its own asbestos production, Australia will have the opportunity of supplying an immense Asian market with a built-in freight advantage over other nations.

The 21 holes drilled on the property have all intersected fibre. The deepest hole drilled to date was in fibre at 750 feet vertically below surface.

Drilling to date has disclosed 16.5 million tons of drill-indicated and inferred reserves, according to a recent report by Watts, Griffis & McOuat Limited, geological and mining consultants.

The 76 samples from ten drill holes have been mill-tested in Canada by the Quebec pilot plant of the Department of Natural Resources, an authority acknowledged throughout the world. The average preliminary arithmetical dollar value from the sampling done to date as calculated by our consultants, is \$5.60 per ton. The fibres released from the samples tested are in groups 4 to 7, valued as follows:

Grade 4 — \$200 to \$220 per ton
Grade 5 — \$150 to \$165 per ton
Grade 6 — \$100 per ton
Grade 7 — \$60 to \$70 per ton

A drilling program to prove up this property, for which a drilling subsidy from the government of New South Wales is anticipated, will cost about \$300,000.

A feasibility report has been prepared by Watts, Griffis & McOuat Limited, a condensed copy of which will be mailed to every shareholder of Castle Tin.

Over the past five years, the demand for asbestos has increased considerably, as has the price. More significant, however, is the increase in demand for medium and short grade fibre. Our property is characterized by medium and short grade fibre.

Your directors have very high expectations for this property and feel confident that the company has entered into a rewarding period of its growth.

This belief is supported by strong evidence indicating a large tonnage and the feasibility of an open pit, medium-grade mine in an area and country ideally located to supply large markets, with a built-in price advantage due to freight. The common interest with our partner, Merit Oil Limited, is to drill out the deposit as quickly as possible in order to establish our asset value.

Through a recent rights offering, shareholders have been asked to contribute to the treasury \$175,000 needed to finish the drilling program. Our partner has arranged for its portion of the money.

As you will remember, your company started with a potential lead-tin-zinc property in Australia, known as Dover Castle. We also possessed alluvial leases from which we began recovering tin through a small plant after first constructing a large dam. Our drilling results on the hardrock property were encouraging but the property requires more proving up. The alluvial tin production, however, proved disappointing.

Profits from the operation of the alluvial properties did not come up to expectation, mainly because the price of tin dropped sharply after operations began and because our contractor's costs rose substantially.

Having mined out the rich area where the alluvial plant is presently located, your directors have decided to discontinue operations at the allu-

vial plant until our engineering consultants can satisfy the board that a profit can be obtained if the plant's capacity is increased to 1,500 yards per day. Present capacity is 1,000 yards per day, as reported in the prospectus of Castle Tin Mines Limited, dated October 16, 1967.

We intend to continue the geological program on the Dover Castle property, as recommended by our geologist, after the present rights offering to shareholders has been completed. The results of previous drilling were encouraging and the values considerable, although most of the widths were narrow. Some of the values, for example, ran as high as 44.43% lead, 26.0% zinc, 30.0% tin and 14.58% silver, over a width of two feet. All values, of course, did not run this high but, obviously, there is encouraging potential in this property.

Our plan at the moment is to wait until we have completed the next phase of our exploration program and at that time evaluate the results.

As the drilling and proving up programs proceed, it is the intention of your directors to make information available to the shareholders on a regular basis.

On behalf of the board,

A handwritten signature in dark ink, appearing to read "R. Macaulay", with a stylized flourish at the end.

Robert W. Macaulay, Q.C.,
President.

November 15, 1967.

CASTLE TIN M

CONSOLIDATED BALANCE

ASSETS

	1967	1966
Current Assets		
Cash — See Note 9	\$ 38,111	\$ 18,882
Accounts receivable	3,001	9,483
Inventories — at cost	5,980	—
Prepayment and deposits	6,482	3,278
	<u>53,574</u>	<u>31,643</u>
Investment in Other Mining Company — at cost — see Note 8		
Option to purchase 50% interest in shares	\$ 821	
Advances	11,392	—
	<u>12,213</u>	
Mining Properties and Related Expenditures — at cost — see schedule	837,880	857,187
Other Assets — at cost		
Office furniture and fixtures less depreciation of \$258	1,667	1,801
Incorporation expenses	4,553	4,553
	<u>\$ 909,887</u>	<u>\$ 895,184</u>

AUDITOR

To The Shareholders
Castle Tin Mines Limited

We have examined the accompanying consolidated financial statements of Castle Tin Mines Limited for the year ended May 31, 1967 comprising the consolidated balance sheet as at that date and the consolidated statements of operations and deficit, deferred exploration and development expenditure, administrative expense, mine operations and source and application of funds for the year then ended. Our examination of the financial statements of Castle Tin Mines Limited and the subsidiary of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the cir-

Toronto, Ontario
November 8, 1967.

NES LIMITED

HEET AS AT MAY 31, 1967

LIABILITIES

	1967	1966
Current Liabilities		
Bank indebtedness	\$ 22,200	\$ 36,220
Accounts payable and accrued — See Note 8	91,844	110,494
Due to Foresite Explorations Pty. Limited	12,760	28,058
Due on purchase of equipment — secured	1,872	5,294
Contracted liability on option to purchase mineral leases — see Note 2 ..	14,400	42,000
	<u>143,076</u>	<u>222,066</u>

Future commitments and contingent liabilities — See Notes 2, 3, 4, 8 and 11

SHAREHOLDERS' EQUITY

Capital Stock

Authorized

5,000,000 shares par value \$1 each

Issued — See Notes 6, 9 and 10

Shares	Par value	Discount	Net	
750,000 for property	\$ 750,000	742,500	7,500	
2,200,009 for cash	2,200,009	1,419,500	780,509	
625,470 for cash indebtedness	625,470	362,688	262,782	
<u>3,575,479</u>	<u>\$3,575,479</u>	<u>2,524,688</u>	<u>1,050,791</u>	808,291

Deficit — See Statement 1			283,980	135,173
			<u>766,811</u>	<u>673,118</u>

Signed on behalf of the Board:

R. W. MACAULAY, Director.

MICHAEL CLAY, Director.

<u>\$ 909,887</u>	<u>\$ 895,184</u>
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REPORT

cumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion the aforementioned statements together with the notes thereto, present fairly the financial position of the companies as at May 31, 1967 and the results of their operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead, Graham & Hutchison,
Chartered Accountants.

CASTLE TIN MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1967

1. Castle Tin Mines Limited was incorporated on April 21, 1965 and acquired the ownership of "Mareeba" on May 29, 1965 and "Dover" on December 29, 1965 at the cost to the original investors. "Mareeba" was incorporated February 19, 1962 as Perlite Consolidated Industries (Queensland) Pty. Limited but remained inactive until November 24, 1964 at which time the corporate name was changed to Mareeba Mining & Exploration Pty. Limited. During that period expenses were \$372. "Dover" was incorporated May 28, 1965 as Dover Tin Mines Limited and its wholly-owned subsidiary was incorporated May 11, 1965 as Dover Tin Mines Pty. Limited.

The financial statements reflect the operations of the companies since incorporation, rather than showing the deficits of "Mareeba" and "Dover" at acquisition as the excess of cost over book value of assets of subsidiaries.

All transactions of Castle and its subsidiary companies are referred to as transactions of "Castle" in the following notes.

2. The option to purchase Mineral Leases 1223, 1253, 1255 and 1364 has been recorded at \$45,888 being the total of the payments on account to date of \$27,600 and the future contracted payments of \$14,400 which have been reflected as a current liability and legal costs of \$3,888. In addition, to exercise the option on the property an amount of \$18,000 must be paid on or before April 14, 1968. The above arrangement was by amendment to previous agreements, dated May 16, 1965 and April 15, 1966, made prior to May 31, 1967 and formalized by agreement dated as of June 23, 1967.
3. "Castle" acquired an option to purchase Mineral Lease 1363 upon payment of \$76,667 including legal costs of \$4,667. To complete the purchase "Castle" must agree to pay a further \$468,000, of which \$228,000 is payable upon exercising the option, which must be on or before November 16, 1967, and \$240,000 is payable from 5% of the gross proceeds from the sale of all minerals from the property, providing that, should 5% of the gross proceeds not equal \$240,000, such lesser amount would be deemed full payment. It is not presently anticipated that the option will be exercised.
4. By agreement dated November 16, 1965 "Castle" acquired 4 dredging leases, of which one was in the Fynns area and has now been written off and 3 are in the Crystal Brook area, and cover 138 acres. The purchase price was \$24,000 of which \$24 was paid on signing and was recorded as the asset value (now reduced to \$19). The balance is payable, with interest at 6%, only upon "Castle" producing for sale tin concentrate from any part of the property, or assigning, selling, pledging, mortgaging or conveying any part of its interest in the property, and has therefore been considered a contingent liability. Should "Castle" fail to sell tin concentrate from the property by November 16, 1968 the Vendor is entitled to repurchase the property for \$24 providing "Castle" has not paid the remainder of the purchase price. See note 12.
5. Depletion has been provided in the accompanying statement based upon the production from Crystal Brook only, and has been based upon the tin concentrate produced in relation to the probable and possible reserves as recorded in the report of A. C. A. Howe dated May 23, 1967. The mining properties and related expenditures for the Fynns Area, the other producing area worked during the period, have been written off in their entirety. See note 12.
6. By agreement dated December 21, 1965 "Castle" granted an option to its President on 90,000 shares of capital stock exercisable at \$1 on or before 2 years from March 8, 1966.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended May 31, 1967

7. The accounts of the Australian subsidiaries have been converted to Canadian dollars at the rate of \$1.20 Canadian to the Australian \$.
8. The company is the registered holder of 50% of the outstanding share capital of White Asbestos (Mining) Pty. Limited. The purchase agreement required a payment of \$821 on account and an advance of \$11,179 to White. To complete the purchase the following payments must be made

\$12,000 on or before April 30, 1968
\$12,000 on or before April 30, 1969
\$81,553 on or before April 30, 1970

Upon default of any of the above payments the company could forfeit its interest in the shares, and in the event of default the company would be released from any claim for the unpaid balance, and would not be entitled to recover payments made to that date. The transaction has therefore been regarded as an option to purchase the shares of White Asbestos (Mining) Pty. Limited.

Should White decide to commence production from the property prior to April 30, 1970 "Castle's" interest could be reduced by 5% by the original holder of the shares exercising its option to acquire a 10% interest in the company by subscription for capital stock of White Asbestos (Mining) Pty. Limited.

9. Subsequent to May 31, 1967 "Castle" has issued 200,000 shares of capital stock upon receipt of \$80,000 in exercise of the underwriters' options outstanding as at May 31, 1967.

During the year the company issued 400,000 shares for cash of \$130,000 and 375,000 shares for cash indebtedness of \$112,500.

10. "Castle" issued to shareholders of record on November 6, 1967 the right to subscribe at the price of 40 cents per share for one additional common share of "Castle" for each five common shares held by them. All rights will expire on December 6, 1967. By agreement dated June 29, 1967, as amended, underwriters have agreed to purchase from "Castle", on the request of "Castle" but in any event not later than December 29, 1967, at 45¢ per share, that number of treasury shares of "Castle" the proceeds of which when added to the proceeds to "Castle" from the exercise of the rights will provide "Castle" with at least \$175,000.

11. "Castle" has agreed with Merit Oil Ltd. to enter into a joint exploration program on the White Asbestos Mining Properties. It is anticipated that "Castle's" portion of the cost of the program will be \$96,000.

"Castle" has also agreed to purchase a 50% interest in a mineral license covering 150 square miles for \$21,466 and to enter into a joint exploration program on the mineral license. The program has been laid out in two stages with "Castle's" share of the anticipated cost of the initial stage being \$4,700, and if the second stage is warranted "Castle's" share of the anticipated cost of the second stage would be \$7,300.

The above agreement is subject to obtaining approval from the shareholders of Merit and "Castle", if such approval is required by law, of arrangements to provide sufficient funds to the companies to undertake the above programs and to the acceptance for filing of a prospectus or a filing statement for the companies by all of the appropriate regulatory bodies. The effective date of the agreement is the day on which the latest of the aforementioned events occurs.

12. As of July 21, 1967 the mining operations in the Crystal Brook Area were suspended because the indicated ore being of a low grade could not be recovered profitably with the size of the present plant. Any decision to resume operations will not be made until the management has received a complete assessment of the economics of future operations and possibly until additional funds are raised to enlarge the capacity of the plant.

CASTLE TIN MINES LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended May 31, 1967

	1967	1966
Exploration and development expenditure	\$ 97,638	\$ 405,217
Less — Deferred — See Statement 2	81,481	405,217
Exploration and development — Fynns Area — Written-off	16,157	—
Other mining expenditures written off		
Dam — Fynns Area	15,918	
Mineral and dredging leases Fynns Area	1,695	
Dam at Dimbulah	6,350	
Depletion and amortization on mining properties of which \$16,500 applies to production in 1966 — See Note 5	61,000	
Administrative expenses — See Statement 3	63,624	93,589
	164,744	93,589
Less — Mining profit — See Statement 4	15,937	14,082
	148,807	79,507
Deficit at beginning of year	135,173	55,666
Deficit at End of Year	\$ 283,980	\$ 135,173

CASTLE TIN MINES LIMITED

CONSOLIDATED SCHEDULE OF MINING PROPERTIES AND RELATED EXPENDITURES As At May 31, 1967

	1967	1966
Dover Properties		
Mining properties		
Option to purchase 4 mineral leases acquired for cash including legal costs of \$3,888 — see note 2	\$ 45,888	60,000
Option to purchase Mineral Lease 1363 acquired for cash including legal costs of \$4,667 — see note 3	76,667	76,457
3 Mineral leases acquired by staking	383	287
Exploration and development expenditures — see statement 2 — see note 1	233,610	203,035
Equipment less depreciation of \$1,450 for 1967	5,458	6,507
Totals	<u>\$ 362,006</u>	<u>346,286</u>
Mareeba Properties — see note 12		
Crystal Brook Area		
Mining properties		
8 Mineral leases acquired for cash	\$ 56,285	56,285
8 Dredging leases acquired by staking	1,814	1,723
Exploration and development expenditures — see statement 2 — see note 1	301,268	241,043
	359,367	299,051
Less — depletion and amortization — see note 5	61,000	—
	298,367	299,051
Dam at Dimbulah	—	5,841
Dam less depreciation of \$1,246	29,893	—
Plant and Equipment less depreciation of \$76,214	134,700	165,668
Totals	<u>\$ 462,960</u>	<u>470,560</u>
Fulford Area		
2 dredging leases acquired for 750,000 shares of capital stock valued at 1¢ per share and legal costs of \$1,201	\$ 8,701	8,701
2 dredging leases acquired for cash and an agreement to pay an additional \$23,976 from production — see note 4	19	19
1 dredging lease acquired by staking	45	—
Dam — at cost	120	—
Exploration and development expenditures estimated	2,000	—
Totals	<u>\$ 10,885</u>	<u>8,720</u>
Fynns Area (written-off in 1967)		
Dredging and mineral leases — see notes 4 and 5	\$ —	1,695
Dam	—	15,742
Exploration and development expenditures	—	12,727
Totals	<u>\$ —</u>	<u>30,164</u>
Summary		
Dover properties	\$ 362,006	346,286
Crystal Brook Area	462,960	470,560
Fulford Area	10,885	8,720
Fynns Area	—	30,164
Sundry deposits	2,029	1,457
Totals	<u>\$ 837,880</u>	<u>857,187</u>

CASTLE TIN MINES LIMITED

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE

For the Year Ended May 31, 1967

	1967	1966
Mareeba Properties — See Note 12		
Crystal Brook Area		
Assaying	\$ 11	439
Automotive expense	735	6,664
Bulldozer and equipment rental	—	28,250
Depreciation	8,939	15,299
Explosives and chemicals	—	1,499
Engineering fees	—	16,499
Freight and cartage	166	3,817
Fuel	56	9,011
General	389	1,641
Geological surveys	17,945	20,662
Geological fees and expenses	—	1,647
Plant moving costs	17,975	—
Rentals	2,466	1,754
Repairs and maintenance	62	6,299
Supplies	361	890
Travel	653	14,092
Wages and provisions	13,916	68,625
	<u>63,674</u>	<u>197,088</u>
Less —		
Depreciation charge reversed — Fynns area	1,408	—
Estimated expenditures Fynns area	41	3,571
Estimated expenditures Fulford area	2,000	—
	<u>3,449</u>	<u>3,571</u>
	60,225	193,517
Balance at beginning of year	241,043	47,526
Balance at end of year	<u>\$ 301,268</u>	<u>241,043</u>
Fynns Area		
Estimated expenditures	\$ 41	3,571
Plant moving costs	277	9,156
Adjustment to 1966 plant moving costs	3,112	—
	3,430	12,727
Balance at end of year	12,727	—
	16,157	12,727
Less — Written-off to deficit	16,157	—
Balance at end of year	<u>\$ —</u>	<u>12,727</u>
Fulford Area		
Estimated expenditures	\$ 2,000	—
Balance at end of year	<u>\$ 2,000</u>	<u>—</u>

CASTLE TIN MINES LIMITED

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE For the Year Ended May 31, 1967

	1967	1966
Dover Properties		
Assaying	\$ 1,090	15,929
Automotive	1,358	1,559
Bulldozer and equipment rental	368	2,442
Chemicals and explosives	—	515
Depreciation	1,049	401
Drilling	12,886	84,949
Engineering fees	—	787
Freight and cartage	522	2,097
Fuel	140	2,205
General	314	1,941
Geological surveys	4,253	30,909
Rentals	1,163	2,490
Repairs and maintenance	534	2,280
Supplies	338	2,927
Travel	955	4,923
Wages and provisions	6,080	39,959
	<u>31,050</u>	<u>196,313</u>
Less —		
Adjustment of 1966 rental expense	475	—
	<u>30,575</u>	<u>196,313</u>
Balance at beginning of year	203,035	6,722
Balance at End of Year	<u><u>\$ 233,610</u></u>	<u><u>203,035</u></u>

CASTLE TIN MINES LIMITED

CONSOLIDATED STATEMENT OF ADMINISTRATIVE EXPENSE For the Year Ended May 31, 1967

	1967	1966
Accounting and secretarial fees	\$ 1,814	5,778
Administrative fees	5,011	15,196
Audit fees	5,497	4,927
Bank charges and interest	2,078	8,091
Consulting fees	6,345	2,100
Depreciation	134	112
Filing and governmental fees	157	575
General	891	479
Insurance	1,118	2,399
Legal fees	16,197	11,237
Postage, printing and stationery	4,479	8,810
Registrar and transfer agent's expense	705	1,505
Rent	2,490	3,464
Reports to shareholders and public	711	6,749
Telephone and telegraph	5,715	9,139
Travel and accommodation	2,413	9,752
Wages and salaries	5,968	—
Exchange adjustment	585	3,276
	<u>62,308</u>	<u>93,589</u>
Add —		
Adjustment of 1966 expenses	1,316	—
	<u>\$ 63,624</u>	<u>93,589</u>

CASTLE TIN MINES LIMITED

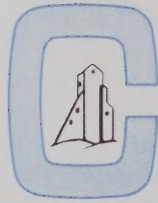
CONSOLIDATED STATEMENT OF MINE OPERATIONS (See Note 12) For the Year Ended May 31, 1967

	1967	April 1, 1966 to May 31, 1966
Ore Sales	<u>\$ 459,446</u>	<u>45,846</u>
Expenses		
Administrative	4,211	562
Assays	282	—
Bulldozing, trenching and earthmoving	186,156	6,860
Commission on ore sales	5,581	560
Engineering consulting fees	13,561	2,444
Freight and cartage	3,267	—
Fuel	20,128	1,176
General	212	—
Insurance on ore shipments	486	72
Interest	3,317	210
Rental of equipment	7,987	—
Railage, wharfage and handling	12,127	961
Repairs to plant, equipment and motor vehicles	42,456	—
Supplies	3,157	—
Travelling	5,778	—
Wages and provisions	90,860	12,919
	<u>399,566</u>	<u>25,764</u>
Net profit before provision for depreciation, depletion and amortization	59,880	20,082
Less —		
Depreciation	47,058	6,000
	<u>12,822</u>	<u>14,082</u>
Add —		
Adjustment to wages and provisions 1966	3,115	—
Mining Profit Before Provision for Depletion and Amortization — See Note 5	<u>\$ 15,937</u>	<u>14,082</u>

CASTLE TIN MINES LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the Year Ended May 31, 1967

	1967	1966
Funds derived from		
Mining operations before provision for depreciation, depletion and amortization	\$ 62,995	\$ 20,082
Issue of shares	242,500	800,782
	<u>305,495</u>	<u>820,864</u>
Funds applied to		
Acquisition of mining properties	(13,670)	76,846
Dams	31,259	15,882
Exploration and development	87,648	386,857
Mining equipment	23,062	172,281
Office equipment	—	860
Incorporation expense	—	2,265
Administrative expense	63,490	93,477
Deposits	572	250
Investment in and advances to another mining company	12,213	—
	<u>204,574</u>	<u>748,718</u>
Increase in Working Capital	100,921	72,146
Working Capital deficiency at beginning of year	190,423	262,569
Working Capital deficiency at end of year	<u>\$ 89,502</u>	<u>\$ 190,423</u>



CASTLE TIN MINES LIMITED



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